



udit



report

RESOURCES OF DOD ADJUDICATION FACILITIES

Report No. D-2001-008

October 30, 2000

Office of the Inspector General
Department of Defense

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Acronyms

ASD(C ³ I)	Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
CAF	Central Adjudication Facility
CCMS	Case Control Management System
DCII	Defense Clearance and Investigations Index
DSS	Defense Security Service
JPAS	Joint Personnel Adjudication System
NACLC	National Agency Check with Local Agency Checks and Credit Check
OPM	Office of Personnel Management



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-2885

October 30, 2000

MEMORANDUM FOR DISTRIBUTION

**SUBJECT: Audit Report on Resources of DoD Adjudication Facilities
(Report No. D-2001-008)**

We are providing this report for review and comment. We considered management comments on a draft of this report when preparing the final report.

The comments of the Under Secretary of Defense (Comptroller); the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence); the Army; the Air Force; the Defense Security Service; the National Security Agency; the Joint Staff; and the Washington Headquarters Service were responsive and no further reply is necessary. The Navy comments were partially responsive. The Defense Office of Hearings and Appeals and the Defense Intelligence Agency did not comment. DoD Directive 7650.3 requires that all recommendations be resolved promptly. We request the Navy provide comments on Recommendations 1.a. and 1.b. and the Defense Office of Hearings and Appeals and the Defense Intelligence Agency provide comments on the report by November 30, 2000.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Robert K. West at (703) 604-8983 (DSN 664-8983) (rwest@dodig.osd.mil) or Ms. Lois A. Therrien at (703) 602-1577 (DSN 332-1577) (ltherrien@dodig.osd.mil). See Appendix E for the report distribution. The audit team members are listed inside the back cover.

A handwritten signature in cursive script, reading "Robert J. Lieberman", is positioned above the typed name.

Robert J. Lieberman
Assistant Inspector General
for Auditing

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Office of the Inspector General, DoD

Report No. D-2001-008

October 30, 2000

(Project No. D1999-AD-0079.01) (Formerly Project No. 9AD-0046.01)

Resources of DoD Adjudication Facilities

Executive Summary

Introduction. This report is the fourth in a recent series of audit reports addressing security clearance and access issues. The audit became a congressional request in March 2000 when the Chairmen of the Senate and House Committees on Armed Services requested further review of the security clearance process.

Objectives. During our audit to determine the status of actions taken within DoD relating to access reciprocity between special access programs, we identified problems with obtaining security clearances that affected individuals' access to special access programs and other DoD operations. This report addresses the resources required to adjudicate security clearances efficiently and effectively. See Appendix B for prior coverage.

Results. The number of cases requiring adjudication was rising at a rate faster than most central adjudication facilities' ability to process adjudicative decisions in a timely manner, because the facilities' resource requirements had not been fully identified and budgeted. Without corrective action, obtaining a security clearance could become an increasingly lengthy process for DoD personnel and contractors and DoD may be subjected to a higher risk of compromise. For details of the audit results, see the Finding section of this report.

Summary of Recommendations. We recommend that:

- the Directors and Chiefs of the DoD eight central adjudication facilities determine the resources required, considering all factors that affect the adjudication and appeals processes;
- the Secretaries of the Army, the Navy, and the Air Force; the Chairman of the Joint Chiefs of Staff; and the Directors of the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the National Security Agency, and the Washington Headquarters Service provide sufficient resources to adjudicate and process appeals for the projected security clearance requests;
- the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), in conjunction with the Directors and Chiefs of the eight central adjudication facilities, analyze the impact and determine the appropriate implementation date for the Joint Personnel Adjudication System; and

- the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submission to ensure that the DoD budget for FY 2002 and outyears enables the central adjudication facilities to meet forecasted workload requirements.

Management Comments. The Under Secretary of Defense (Comptroller); the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence); the Army; the Air Force; the Defense Security Service; the National Security Agency; the Joint Staff; and the Washington Headquarters Service generally concurred with the finding and recommendations. The Navy took exception to the recommendation to analyze all factors and determine the resources required, stating that the Most Efficient Organization Study completed in July 1999 already addressed all factors impacting the workload and resources. In addition, the Navy called attention to recent program resource increases. The Defense Office of Hearings and Appeals and the Defense Intelligence Agency did not comment on a draft of this report issued on August 25, 2000. A discussion of the management comments is in the Finding section of the report and the complete text is in the Management Comments section.

Audit Response. The Navy comments were not fully responsive to the recommendation to analyze all factors and determine the resources required. We acknowledge the significant resource adjustment made by the Navy; however, we still question whether all workload factors have been considered. The Navy's Most Efficient Organization Study was based on the problems with the Defense Security Service Case Control Management System and Enterprise System being resolved and the Joint Personnel Adjudication System being operational; delays have been experienced in both areas. We request that the Director, Department of the Navy Central Adjudication Facility respond to the finding about assessing all factors and determining the resources required. The Defense Office of Hearings and Appeals and the Defense Intelligence Agency did not comment; therefore, we request that they provide comments on this final report by November 30, 2000.

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Background

This report is the fourth in a recent series and discusses the personnel and resources required to adjudicate security clearances within DoD. The audit became a congressional request in March 2000, when the Chairmen of the Senate and House Committees on Armed Services requested further review of the security clearance process. The first report discussed the effects of security clearances on three special access programs. The second report discussed security clearances for personnel in mission-critical and high-risk positions. The third report addressed tracking security clearance requests. Subsequent reports will address other aspects of the adjudication process, the impact of security clearances on special access programs, the status of access reciprocity, the Defense Clearance and Investigations Index database, and the acquisition of the Case Control Management System (CCMS) and the Joint Personnel Adjudication System.

Security Clearances. Personnel security clearance investigations are intended to establish and maintain a reasonable threshold for trustworthiness through investigation and adjudication before granting and maintaining access to classified information. The initial investigation provides assurance that a person has not demonstrated behavior that could be a security concern. Reinvestigation is an important, formal check to help uncover changes in behavior that may have occurred after the initial clearance was granted. The standard for reinvestigation is 5 years for Top Secret, 10 years for Secret, and 15 years for Confidential clearances. Reinvestigations are even more important than the initial clearance investigation because people who have held clearances longer are more likely to be working with more critical information and systems.

Clearance Requirements. On March 24, 1997, the President approved the uniform Adjudicative Guidelines, and Temporary Eligibility Standards and Investigative Standards as required by Executive Order 12968, "Access to Classified Information." The investigative standards dictate that the initial investigation and reinvestigation for access to Top Secret and Sensitive Compartmented Information are the single-scope background investigation and the single-scope background investigation periodic reinvestigation, respectively. The investigation and reinvestigation for access to Secret and Confidential information consists of a national agency check with local agency checks and a credit check (NACLC). Executive Order 12968 specifies that a determination of eligibility for access to classified information is a discretionary security decision based on judgments by appropriately trained adjudicative personnel. Eligibility shall be granted only where facts and circumstances indicate that access to classified information is clearly consistent with the national security interests of the United States, and any doubt shall be resolved in favor of the national security.

DoD Security Clearances. The process of obtaining a security clearance begins with a request from a military commander, contractor, or other DoD official for a security clearance for an individual because of the sensitive nature of his or her duties. The individual then completes a security questionnaire that is

forwarded to the Defense Security Service (DSS) or the Office of Personnel Management (OPM). An investigation is assigned to various investigators who seek information about the subject's loyalty, character, reliability, trustworthiness, honesty, and financial responsibility. The investigation must be expanded to clarify and resolve any information that raises questions about the subject's suitability to hold a position of trust. DSS and OPM send the completed investigation to the appropriate adjudication facility, where the decision is made to grant or deny a clearance.

Central Adjudication Facilities. The following eight Central Adjudication Facilities (CAFs) in DoD are authorized to grant, deny, or revoke eligibility for Top Secret, Secret, and Confidential security clearances and/or Sensitive Compartmented Information accesses: Army, Navy, Air Force, Washington Headquarters Service, Defense Office of Hearings and Appeals, Joint Chiefs of Staff, Defense Intelligence Agency, and National Security Agency. In addition, the Defense Industrial Security Clearance Office is authorized to grant security clearances to contractor employees.

Adjudication Process. The adjudication process involves neither the judgment of criminal guilt nor the determination of general suitability for a given position; rather, it assesses a person's trustworthiness and fitness for a responsibility which could, if abused, have unacceptable consequences for the national security of the United States. An adjudicating official must review all the information provided by the investigation, resolve conflicting reports, and grant or deny the type of clearance sought. Eligibility for access is granted only where facts and circumstances indicate that access to classified information is clearly consistent with the national security interests of the United States, and any doubt shall be resolved in favor of the national security.

If the adjudicative decision is to deny or revoke eligibility for a security clearance, the adjudicator must prepare a statement of reasons. The statement of reasons is provided to the individual involved and contains the rationale for the denial or revocation, instructions for responding, and copies of the relevant adjudicative guidelines from DoD Regulation 5200.2-R, "Personnel Security Program," January 1987. Upon request, the individual must be provided with copies of releasable records from the case file. The statement of reasons must clearly define the rationale for the denial or revocation with an explanation for each relevant issue that is linked to one or more of the 13 adjudicative guidelines contained in DoD Regulation 5200.2-R. If a response is received to the statement of reasons, the appeals process begins.

Responsibilities. The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD[C³I]) has primary responsibility for providing guidance, oversight, development, and approval for policy and procedures governing personnel security program matters within DoD¹. The ASD(C³I) is responsible for:

¹ The Director of Central Intelligence is responsible for policy, guidance, and oversight of Sensitive Compartmented Information.

-
- providing program management through issuance of policy and operating guidance;
 - providing staff assistance to the DoD Components and Defense agencies in resolving day-to-day security policy and operating problems;
 - conducting inspections of the DoD Components for implementation and compliance with DoD security policy and operating procedures;
 - providing policy, oversight, and guidance to Component adjudication functions; and
 - approving, coordinating, and overseeing all DoD personnel security research initiatives and activities.

The Heads of the DoD Components are responsible for:

- administering the DoD personnel security program within their area of responsibility in a manner consistent with DoD Regulation 5200.2-R;
- assigning a single authority within the office of the head of the DoD Component with the responsibility for administering the program within the Component; and
- providing information and recommendations to ASD(C³I) and the General Counsel at their request concerning any aspect of the program.

The DSS is responsible for conducting background investigations on military, civilian, and contractor employees who require a security clearance, and OPM is responsible for conducting background investigations on military and civilian employees only. The CAFs' main responsibility is adjudicating those investigations. Although ASD(C³I) has the responsibility for providing guidance and policy to the security clearance process, the CAFs are under the direction of their respective DoD Components.

Objectives

During our audit to determine the status of actions taken within the DoD relating to access reciprocity between special access programs, we identified problems with obtaining security clearances that affected special access programs and all DoD operations. Our specific audit objective in this report was to determine whether the DoD CAFs have sufficient resources to adjudicate security clearances. See Appendix A for a discussion of the audit scope and methodology. See Appendix B for prior coverage related to the audit objectives.

Issues Affecting Personnel and Resources

The number of cases requiring adjudication was rising at a rate faster than most CAFs' ability to process adjudicative decisions in a timely manner because personnel and resources needed for all CAFs to deal with the workload had not been fully identified and budgeted. As a result, obtaining a security clearance could become an increasingly lengthy process for DoD personnel and contractors and DoD may be subjected to a higher risk of compromise.

Factors Affecting the Timeliness of Security Clearance Adjudication

The timeliness of security clearances to be adjudicated is affected by the following factors:

- overdue periodic reinvestigations,
- continuing reinvestigation requirements,
- investigations pending at DSS,
- investigations by OPM,
- Secret and Confidential clearance requirements,
- Joint Personnel Adjudication System (JPAS),
- Defense Clearance and Investigations Index (DCII),
- large percent of workforce to be replaced,
- insider threat mitigation,
- additional functions, and
- issues affecting adjudicative facilities.

Some of the factors are one-time occurrences, but their immediate impact to the workload is significant. Other factors will cause an increase in the workload that will continue until the security clearance requirements change. The combined effect of the factors will place a burden on the CAFs. The eight CAFs need to analyze the effect of each factor and the effect that the compilation of all factors will have on their personnel and resource requirements in both the short term and the long term. Appendix C shows the specific factors that affect each CAF.

Overdue Periodic Reinvestigations

A June 9, 1999, Deputy Secretary of Defense memorandum stated that approximately 500,000 of the 2.4 million clearances for personnel performing sensitive and important duties within, or for, DoD were based upon overdue investigations. The memorandum directed that requests for periodic reinvestigations begin to be submitted immediately. On November 30, 1999, the Deputy Secretary of Defense established the Personnel Security Overarching Integrated Process team to "Pioneer a different path to solve the crisis of the continuing personnel security investigations backlog." On January 20, 2000, the Personnel Security Overarching Integrated Process Team reported that 505,786 periodic reinvestigations were overdue (see Table 1).

Table 1. Overdue Periodic Reinvestigations			
<u>Requesting Agency</u>	<u>Top Secret</u>	<u>Secret/Confidential</u>	<u>Total</u>
Army	17,367	145,330	162,697
Navy	23,533	96,665	120,198
Air Force	11,407	30,084	41,491
Contractors	31,999	134,156	166,155
Defense agencies	9,975	5,270	15,245
Total	94,281	411,505	505,786

The Air Force, the Army, the Washington Headquarters Service, and the Defense Office of Hearings and Appeals obtained approval for additional personnel for the increased workload caused by the overdue periodic reinvestigations. The Air Force CAF added 22 Air Force Reserve and Air National Guard personnel to adjudicate their 41,491² overdue periodic reinvestigations in a 2 year period. The Army CAF had approval to use from 9 to 16 Army Reserve and Army National Guard personnel over the next 3 years to eliminate its backlog. The Washington Headquarters Service CAF had hired two contractor administrative support personnel and estimated a need for 5 additional adjudicators to process the overdue periodic reinvestigations. The Defense Office of Hearings and Appeals was hiring 12 adjudicators for 3 years. The other CAFs were not authorized additional adjudicators to process their increased workload.

² The Air Force estimated the backlog of overdue periodic reinvestigations to be 52,000 cases when computing the personnel billets required for the personnel adjudication security process.

Continuing Reinvestigation Requirements

None of the CAFs identified the increased workload that will remain permanently as a result of the change in the continuing reinvestigation requirement. Previous reinvestigation requirements were set at 5 years for Top Secret and 15 years for Secret; Confidential had no reinvestigation requirement. The new reinvestigation requirements for Top Secret, Secret, and Confidential security clearances are set at 5, 10, and 15 year intervals from the date of the previous investigation; therefore, clearances need to be updated at more frequent intervals. After the overdue periodic reinvestigations have been updated, the continuing requirement will still need to be adjudicated.

Investigations Pending at the Defense Security Service

The CCMS was intended to expedite case processing at DSS by linking all relevant information critical to a background investigation through a series of subsystems; however, the CCMS did not operate as intended. Instead of expediting requests for investigations and reports to and from DSS field offices, system problems caused serious delays in information processing and resulted in a dramatic decrease in case openings, closings, and field investigations. Consequently, the problems with the CCMS were a primary driving factor in the accumulation of 452,188 cases pending at DSS as of June 30, 2000.

A key DSS productivity goal is to complete the pending cases, as soon as possible, and move them onto the CAFs for adjudication. To process investigations more timely, DSS was working to improve the CCMS and issued five augmentation contracts for contractors to perform the investigations. Also, DoD arranged to send civilian and military investigations to OPM, which will further increase the timeliness and number of investigations completed, while decreasing the workload on DSS.

Investigations by the Office of Personnel Management

OPM agreed to complete Secret and Confidential initial and periodic reinvestigations and Top Secret initial investigations within 75 days, and Top Secret periodic reinvestigations within 180 days.

Civilian Security Clearance Investigations. On October 1, 1999, OPM began conducting all security clearance investigations for DoD civilians instead of only the initial investigations for Secret and Confidential clearances.

The 75-day and 180-day investigations conducted by OPM resulted in quadrupling the number of cases received by the Washington Headquarters Service CAF, which adjudicates civilian Top Secret, Secret, and Confidential security clearance requests. Cases received monthly by the CAF increased from 345 cases in July 1999 to 1,507 cases in June 2000 (see Table 2). The Washington Headquarters Service CAF received 3,306 cases in FY 1999 and

12,310 cases in FY 2000 as of June 30. As a result, the Washington Headquarters Service CAF had 920³ cases pending adjudication as of June 30, 2000.

**Table 2. Cases Received by the
Washington Headquarters Service CAF**

<u>Received From</u>	<u>July 1999</u>	<u>October 1999</u>	<u>June 2000</u>
DSS	118	221	299
OPM	65	245	761
Other	162	452	447
Total	345	918	1,507

Military Secret and Confidential Clearance Investigations. The Personnel Security Overarching Integrated Process Team recommended outsourcing all 926,730 Secret and Confidential investigations, except those with overseas leads, estimated to be required in the next 2 years, to OPM. The outsourcing would allow DSS to focus on the Top Secret and Sensitive Compartmented Information investigations. In a letter dated March 31, 2000, the Deputy Secretary of Defense implemented the recommendations of the Overarching Integrated Process Team, but the letter did not include contractor investigations. Therefore, 215,513 Secret and Confidential investigations will not be sent to OPM, so that only 711,217 military and civilian investigations were scheduled to be contracted to OPM in the next 2 years instead of 926,730 investigations (see Table 3).

OPM conducting the military investigations will cause a similar increase in the number of cases received monthly at the CAFs of the Army, the Navy, the Air Force, and the Joint Chiefs of Staff to that experienced by the Washington Headquarters Service CAF. The significant increase in cases received over a short period of time will affect the ability of each CAF to adjudicate them in a timely manner. The Navy CAF had 60,345 cases⁴ pending as of June 30, 2000; therefore, an increase in the cases received will also increase the number of cases awaiting adjudication and lengthen the time required to obtain a final determination. Even the CAFs that do not have cases pending adjudication will develop a backlog because they will receive more cases than they can adjudicate

³ The number of pending cases will increase more rapidly. The vast majority of the original cases received from OPM were favorable investigations without derogatory information, and the Washington Headquarters Service CAF was processing the favorable cases as quickly as possible. With more derogatory cases, which take longer to adjudicate, the number of cases being closed with a final adjudicative decision has decreased.

⁴ The Navy CAF counts all workload assigned to an adjudicator, but not worked, as backlog. Within the 60,345 backlogged cases, there are approximately 16,478 clearance investigations to be adjudicated. The remaining 44,967 cases are for a variety of investigations pending an adjudicators review for other than an initial or periodic re-investigation for a security clearance.

each day. Once the overdue periodic reinvestigations are completed, the workflow from OPM will return to a more steady state.

Table 3. Secret and Confidential Investigations to OPM

<u>Requesting Agency</u>	<u>Cases to OPM</u>	<u>Dollars (in millions)</u>
Army	289,347	\$63.7
Navy	273,472	60.2
Air Force	141,250	31.1
Contractors	215,513	47.4
Defense agencies	7,148	1.6
Total	926,730	\$204.0
Less contractor requests	215,513	47.4
Total to OPM	711,217	\$156.6

Security Suitability Investigations Index. All initial investigations performed by OPM require the Washington Headquarters Service CAF personnel to enter the personal identification data into the Defense Clearance and Investigations Index (DCII) after the investigation is closed, rather than DSS personnel entering the data when the case is opened. Executive Order 10450, "Security Requirements for Government Employment," April 24, 1953, requires a security investigations index covering all persons who have been investigated by any department or agency of the Government. OPM records its investigations in the Security Suitability Investigations Index, and DoD records its investigations in the DCII. The Washington Headquarters Service CAF had always entered the personal identification data into the DCII for initial Secret and Confidential clearances. However, the addition of the initial Top Secret investigations being sent to OPM since October 1, 1999, affected the CAF because of the increase in the number of cases requiring input to the DCII. The Washington Headquarters Service CAF explained that the impact per investigation was not excessive, but compilation of the additional input for all of the clearances was significant.

Secret and Confidential Clearance Requirements

Investigation Requirements Change. A November 10, 1998, memorandum from the ASD(C³I) established that, effective January 1, 1999, DSS would begin implementing the NACLC for Secret and Confidential clearances as approved by the President on March 24, 1997. However, the investigations conducted by OPM—the national agency check with written inquiries and credit check or the access national agency check with written inquiries and credit check—would continue to serve as the basis for Secret and Confidential clearances for DoD

civilian employees. Previously, the investigation for Secret and Confidential clearances was a national agency check for the military and contractors.

The investigative scope change from the national agency check to the NACLCL immediately affected the CAFs' workload because there was more adverse information to review and adjudicate for each case. The change in the investigative requirements to a NACLCL for Secret and Confidential clearances was one cause for 411,505 Secret and Confidential periodic reinvestigations being overdue. However, the additional workload incurred from adjudicating more adverse information produced by NACLCLs will not decrease after the overdue periodic reinvestigations are completed.

Security Clearances for Navy and Air Force Military Recruits. An entrance national agency check is conducted on all enlisted members of the Armed Forces at the time of their initial entry and security clearances are obtained when required. The entrance national agency check is a computerized check on the person's name only and has no impact on the investigators' and adjudicators' workload unless issues arise. The Navy and the Air Force decided to discontinue the entrance national agency check and use the NACLCL for the new recruits. Their rationale was that the majority of their new recruits will eventually need a security clearance, so it is cheaper to conduct a NACLCL initially, than to run an entrance national agency check, spend money training an individual, and then lose them when a clearance is required.

Security Clearance Implementation. The NACLCL implementation for new recruits will cause the Navy and the Air Force CAFs to experience an increase in their workload because entrance national agency checks require little adjudication, while the NACLCL contains more information and, therefore, requires more adjudicative time. As a result, the Air Force estimated the increase to be 34,000 cases per year and authorized 22 adjudicators as temporary overhires for FY 2000 and FY 2001. The Air Force also included in the Program Objective Memorandum an additional 22 permanent adjudicators for FY 2002. Although the Navy CAF requested 21 additional adjudicators for FY 2001, the Navy did not program for an increase in adjudicators to handle the additional workload.

First-Term Attrition Rates. General Accounting Office Report No. NSIAD-00-146, "Military Personnel: Services Need to Assess Efforts to Meet Recruiting Goals and Cut Attrition," June 23, 2000, states that the latest attrition data available indicate that first-term attrition for DoD enlistees has reached an all-time high. For enlistees entering the Services in FY 1995 and leaving early before the end of FY 1999, the DoD overall separation rate was 36.8 percent. The early separation of new recruits is costly to the security clearance process because more investigations and adjudicative decisions are required for new recruits to replace those who leave early.

Joint Personnel Adjudication System

JPAS is the DoD personnel security migration system for the CAFs and DoD security managers and special security officers. The JPAS represents the virtual

consolidation of the DoD CAFs and ensures the standardization and reengineering of core personnel security and adjudication processes. The Air Force was designated the Executive Agent, and the 497th Intelligence Group/Security and Communications Management was designated the Program Management Office on July 10, 1996. In 1998, the Air Force converted to the new adjudication management system database, SENTINEL KEY, which was the prototype baseline of JPAS. JPAS has two applications: the Joint Adjudication Management System for the DoD CAFs only, and the Joint Clearance and Access Verification System for approximately 20,000 DoD security managers and 10,000 industry security managers. BETA testing, using live data as a production system, is scheduled to begin September 2000 with the 9⁵ CAFs and 65 CAF customers. DoD-wide implementation of JPAS is expected to begin in February 2001 with the unified commands and Defense agencies. During BETA testing, the CAFs will be required to use one-third of their total workforce and, for most CAFs, all data will have to be entered twice, once into the CAF system and once into JPAS.

On May 18, 2000, at the JPAS Executive Steering Committee, some CAFs expressed concern about the timing of the implementation of JPAS. The Navy CAF stated that it had a backlog of 30,000 cases (see footnote 4 on page 7) as of March 2000. The CAF was below minimum staffing, and participation of one-third of its personnel in the BETA testing would severely strain its resources and add to the backlog. As of June 30, 2000, the Navy CAF's backlog had risen to 60,345 cases. Therefore, the Navy CAF will not use a full one-third of its staff for BETA testing, even though, according to DoD information systems professionals and two independent contractors, one-third of the CAF's personnel is necessary to adequately perform a complete system test.

The Washington Headquarters Service CAF was also concerned that participating in BETA testing would strain its resources and add to the backlog. The National Security Agency CAF stated that automation did not decrease the need for an adjudication staff. In addition, several CAFs must continue running dual systems because the JPAS will not replace several unique functions performed by the legacy systems; for example, the capability to process and enter into the database the screening mission of approximately 25,000 cases per year by the Army CAF.

There was also concern that funding for JPAS may be provided at the expense of CAF operations. Program Budget Decision 071, "Washington Headquarters (WHS), Office of the Secretary of Defense (OSD), Defense Legal Services Agency (DLSA), and U.S. Court of Appeals for the Armed Forces (CAAF)," December 1, 1999, directed that the annual operation and maintenance costs be provided from the funds previously programmed by the Components for CAF legacy systems. As a result, the Deputy Assistant Secretary of the Army assessed the entire JPAS implementation bill against the Army CAF. An April 19, 2000, memorandum from the Adjutant General of the Army requested that the Deputy Assistant Secretary reverse the decision and provide funding.

⁵ The National Reconnaissance Office CAF adjudicates only Sensitive Compartmented Information access.

The reason for the request was that the impact to the Army CAF would be a reduction-in-force of 23 people, when the Assistant Secretary of the Army (Manpower and Reserve Affairs) had recently approved an augmentation of 16 Reservists to address the overdue periodic reinvestigations.

As a result of the impact of the Joint Personnel Adjudication System on the security clearance process, the Audit of the Acquisition Management of the Joint Personnel Adjudication System, Project No. D2001AL-0012, was announced September 15, 2000. The audit will determine whether the Joint Personnel Adjudication System is being cost-effectively acquired, monitored, tested, and prepared for deployment and system life cycle support.

Defense Clearance and Investigations Index

The DCII is the single, automated central repository that identifies investigations conducted by DoD investigative agencies and personnel security determinations made by DoD adjudicative authorities. DCII is operated and maintained by DSS. DoD Regulation 5200.2-R, "Personnel Security Program," requires each adjudicative determination, whether favorable or unfavorable, to be entered into the DCII on a daily basis, but in no case to exceed 5 working days from the date of determination. However, when the CAFs do not have access to the DCII, they do not have the ability to review all investigative entries on indexed subjects, other CAFs' adjudicative decisions, or to enter their adjudicative decisions into the system. Consequently, the cases pile up awaiting input of the adjudicative decision in the DCII.

Availability. The availability of the DCII had been a continual problem since DSS converted to the CCMS in October 1998. In addition to the frequent nonavailability of the DCII, when the system is available, there are problems with connections being dropped and the system being slow. All access problems impede the adjudication process. A June 29, 2000, DSS memorandum distributed to DSS customers stated that on June 28, the DSS corporate database experienced a problem and was not available. The DSS corporate database affects the CCMS and the DCII. Availability was restored July 10, 2000. The DCII was also down on June 19 and June 26, which meant that DCII access was not available for 8 of the 14 workdays available in a 3 week period.

Security Suitability Investigations Index. When the CAFs cannot access the DCII, most also cannot access the Security Suitability Investigations Index. A memorandum of understanding between DoD and OPM governs the operation and functions involved in the linkage of the DCII and the OPM Security Suitability Investigations Index. Authorized DCII users were able to obtain a "read only" search of the Security Suitability Investigations Index at the same time that they conducted a search of the DCII. Although some of the CAFs do have direct access to the Security Suitability Investigations Index, most are connected through the DCII. The Washington Headquarters Service CAF experienced additional nonavailability because of the DCII connectivity to the Security Suitability Investigations Index being down. With the increased

number of investigations being conducted by OPM, access to the Security Suitability Investigations Index becomes a greater concern for the CAFs because the effect is greater.

Navy Joint Adjudication and Clearance System. The Navy Joint Adjudication and Clearance System, the Navy's adjudicative database, is connected to the DSS corporate database, which includes CCMS and the DCII, so that when the DCII is not accessible, the Navy system is not accessible. The unavailability of DCII and the Navy Joint Adjudication and Clearance System contributed to the increase of cases pending (see footnote 4 on page 7) at the Navy CAF from 22,000 on September 30, 1999, to 60,345 on June 30, 2000.

Large Percent of Workforce to be Replaced

A large percent of the DoD workforce will need to be replaced by FY 2007. With the increasing age of the DoD workforce and the growing opportunities for advancement in the private sector, the DoD is likely to lose 60 percent of its current workforce in the next 7 years. The new hires needed to replace the vacated positions will require new security clearances, which will increase the normal workload projected for that time period.

Insider Threat Mitigation

The Chief Information Officer, DoD, issued, "DoD Insider Threat Mitigation Final Report of the Insider Threat Integrated Process Team," April 24, 2000, which contains 60 recommendations to reduce malicious behavior by insiders. The insider is anyone who is or has been authorized access to DoD information systems. Two of the six key elements of a strategy to minimize the impact of the insider threat are to seek to reduce the threat by establishing a high level of assurance in the trustworthiness of people, practices, systems and programs, and to strengthen personnel security and management practices.

The report makes five recommendations that will directly impact the security clearance process. The recommendations establish a Category 1 information technology position, which is the equivalent of a Top Secret clearance or Sensitive Compartmented Information access, and a Category 2 information technology position, which is the equivalent of a Secret or Confidential clearance. If implemented, these recommendations would create the potential of requiring most DoD and contractor employees without a current Secret or Top Secret security clearance to obtain the equivalent investigation and adjudication. See Appendix D for additional details.

Additional Functions

Each of the eight CAFs have acquired additional functions that affect the adjudicators' workload beyond adjudicating security clearances. For example, Army adjudicators review security files for individuals being considered for

promotion to Colonel, General Officer, Senior Executive Service, or selected other assignments. The National Security Agency was taking steps to outsource pieces of its information technology infrastructure. The National Security Agency wanted to structure the contract so that the National Security Agency's information technology workers for this infrastructure would want to transfer permanently to the contractor. Consequently, the National Security Agency CAF has to review as many as 2,000 personnel files by the end of FY 2000 for employees to transfer permanently to a contractor. The Joint Chiefs of Staff CAF is a full security office, which requires its adjudicators to also perform the initial functions of the security clearance process, such as submitting requests for investigation. The Secretaries of the Services and the Directors of the Defense agencies need to consider the other functions required by the CAFs when determining the appropriate staffing level for the CAFs.

Personnel Issues Affecting Adjudicative Facilities

Issues such as the retirement eligibility of the adjudicators and overtime will affect all CAFs. The impact of these issues must be assessed for each CAF.

Adjudicators Eligible to Retire. The increasing workload for the CAFs will be affected by the large percent of adjudicators who will be eligible to retire by FY 2005. The CAFs had not hired new adjudicators because of downsizing in the past several years. Of the 191 adjudicators in the 8 CAFs, 65 or 34 percent will be eligible to retire by FY 2005 (see Table 4).

Table 4. Adjudicators Eligible to Retire by 2005

<u>Central Adjudication Facility</u>	<u>Adjudicators (June 2000)</u>	<u>Eligible to Retire by 2005</u>	<u>Percent of Workforce</u>
Army	56	11	20
Navy	47	12	26
Air Force	39	15	38
Washington Headquarters Service	11	9	82
Defense Office of Hearings and Appeals	11	6	55
Joint Chiefs Staff	2	1	50
Defense Intelligence Agency	10	8	80
National Security Agency	15	3	20
Total	191	65	34

Overtime. Several CAFs were addressing the increased workload by implementing overtime. For example, adjudicators for the National Security

Agency CAF worked 506 overtime hours in April, 449 overtime hours in May, and 530 overtime hours in June 2000 to process only the current workload, not to reduce the cases pending. If this trend continues, it would equate to 5,730 hours over 12 months or 2.75 man-years in overtime. However, because of the 2,000 additional personnel security files to be reviewed for the contract outsourcing information technology, the CAF estimates that the overtime required will at least double. The Washington Headquarters Service CAF explored overtime as an option and found that it was not an adequate solution because the increased workload is a long-term problem, and overtime for an extended period burns out personnel.

Assessment of Adjudicative Personnel Requirements

A June 15, 1999, ASD(C³I) memorandum stated that Components were expected to identify the resources necessary to fund the completion of the overdue periodic reinvestigations as well as to accomplish the adjudications at the end of the process. In the Deputy Secretary of Defense March 31, 2000, memorandum, DoD Components were directed to provide the resources necessary to fund the Overarching Personnel Security Integrated Process Team's solution of transferring all Secret and Confidential investigations for military and civilian personnel to OPM and any additional costs such as adjudication support to handle the surge in the required workload.

Air Force. The Air Force CAF had 39 adjudicators and was bringing 22 Air Force Reservists and Air National Guardsmen on board to handle the overdue periodic reinvestigations. In addition, the Air Force was hiring 22 temporary adjudicators, to be converted to permanent in FY 2002, to assist with the increased workload resulting from the change to the NACLC investigation for Secret and Confidential clearances and the change from entrance national agency check being performed for new recruits to the full NACLC. The CAF was restricted by the physical space and the number of computers available, so to accommodate the additional personnel, the CAF established a second shift in May 2000. The second shift allows the same space and computers to be used twice and also allows the new adjudicators' training to work without the normal interruptions of daily operations such as phone calls. The Air Force senior leadership acknowledged the importance of the security clearances by providing the CAF with the approved funding required to eliminate the overdue periodic reinvestigations within a 2 year period, as directed by the Deputy Secretary of Defense in a June 9, 1999, memorandum.

Defense Office of Hearings and Appeals. The Defense Office of Hearings and Appeals CAF requested and received approval for 18 temporary overhires for FY 2000 and an additional 4 temporary overhires for FY 2001, which would be reduced to 13 temporary overhires in FY 2002. The Defense Office of Hearings and Appeals issued a personnel vacancy announcement and planned to hire 12 temporary adjudicators; the other authorized positions would be a mix of Department Counsel and Administrative Judges. The Defense Office of Hearings and Appeals' request was based on an October 1999 requirements assessment. The Defense Office of Hearings and Appeals planned to do another assessment based on current figures and submit a new request, if necessary.

Services and Defense Agencies. The six other CAFs assessed the impact of the overdue periodic reinvestigations; however, they were not provided all the additional resources they requested. The senior leadership of the Services and the Defense agencies needs to provide adequate support to the CAFs. The Heads of the DoD Components are responsible for administering the DoD personnel security program within their area of responsibility. However, the CAFs did not receive the necessary personnel and resources required to adjudicate the increased workload of security clearance requirements. The Secretaries of the Services and the Directors of the Defense agencies should be aware that the resource requirements at the CAFs need to be reassessed because of the operational impact of not receiving security clearances timely and because of the congressional interest being shown.

Conclusion

The number of cases requiring adjudication was rising at a rate faster than the CAFs' ability to process adjudicative decisions in a timely manner. The increase in the number of investigations processed through DSS and OPM was a positive step in reducing the number of overdue periodic reinvestigations. However, the CAFs will be required to adjudicate a significant number of investigative cases; therefore, CAF resources need to be reassessed and appropriate actions taken to ensure that the CAFs are able to process timely adjudicative decisions. If the adjudicative function is not properly staffed and results in delays, causing the adjudicators to adjudicate stale information, the effectiveness of the adjudicative process also would be impaired. Therefore, the CAFs need to assess short-term and long-term personnel and resource requirements, and the Services and Defense agencies need to budget for the personnel and financial resources needed to accomplish the adjudications and the appeals. It is imperative that these issues be considered during the ongoing formulation of the Defense budget for FY 2002 and the outyears.

Management Comments on the Finding and Audit Response

The Defense Security Service commented that it had issued five rather than six augmentation contracts. Accordingly, we revised the Investigations Pending at the Defense Security Service section of the report.

The National Security Agency specified that the Director of Central Intelligence is responsible for policy, guidance, and oversight of Sensitive Compartmented Information. We added a footnote to the responsibilities section to identify this.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Directors and Chiefs of the eight DoD central adjudication facilities:

a. Analyze and assess all factors that affect the adjudication and appeals process.

b. Determine the number of personnel and amount of resources that will be required.

Department of the Army Comments. The Army concurred with the recommendation. The Army will assess the resource requirements for the factors identified in the report within 60 days of the final report issuance.

Audit Response. The Army comments were generally responsive, although the assessment was needed as soon as the draft audit report was provided in August 2000.

Department of the Navy Comments. The Navy took exception to the recommendation, stating that the Most Efficient Organization Study completed in July 1999 considered and addressed the overdue periodic reinvestigations and all other factors impacting the workload and required resources.

Audit Response. The Navy comment was not fully responsive. Although the Most Efficient Organization Study did address the overdue periodic reinvestigations, it was based on assumptions used for the projected FY 2003 workload and was premised on the successful operation of numerous automated enhancements. As of September 2000, project management had greatly improved, but high risks remain in resolving design problems for the Case Control Management System. Further, availability of the Navy Joint Adjudication and Clearance System is impacted because it is hosted on the Case Control Management System and the Enterprise System server. The study also assumed that, by FY 2000, the revalidation of collateral security clearances would not be required when individuals arrive at their new commands. This assumption was based on the Joint Personnel Adjudication System being released in FY 2000 to allow the Department of the Navy Central Adjudication Facility customers to perform their own status checks. However, the Joint Personnel Adjudication System is scheduled for Beta testing from November 2000 to March 31, 2001, with the central adjudication facilities and 65 customers. Therefore, we believe the assumptions used by the Most Efficient Organizational Study are no longer valid for analyzing and assessing the resources required by the Department of the Navy Central Adjudication Facility, especially in FY 2002. Accordingly, we request that the Navy reconsider its position and provide additional comments in response to the final report.

Department of the Air Force Comments. The Air Force concurred with the recommendation. The Air Force plans to hire, by November 31, 2000, the resources necessary through FY 2002. The continuing reinvestigation requirements will be evaluated at the end of FY 2002 and any additional resources required will be funded. Additionally, the Air Force is establishing an electronic capability at the Office of Personnel Management to allow for electronic submission of investigative requests from Air Force requesters worldwide.

Defense Office of Hearings and Appeals Comments. The Defense Office of Hearings and Appeals did not comment on a draft of this report. We request that the Defense Office of Hearings and Appeals provide comments in response to the final report.

Defense Intelligence Agency Comments. The Defense Intelligence Agency did not comment on a draft of this report. We request that the Defense Intelligence Agency provide comments in response to the final report.

National Security Agency Comments. The National Security Agency concurred with the recommendation and stated that it had completed an analysis and determined the number of personnel and the amount of resources required.

Joint Staff Comments. The Joint Staff concurred with the recommendation and stated that they currently have two trained adjudicators to ensure that personnel in mission-critical and high-risk positions are cleared in a timely manner.

Washington Headquarters Service Comments. The Washington Headquarters Service concurred with the recommendation and stated that it will continue to evaluate the resource levels of personnel security functions.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments. Although not required to comment, the Director of Security, Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), concurred with the recommendation and stated that for FYs 2001 and 2002 the Army and the Air Force identified resources to work the periodic reinvestigation backlog; the Navy approved a plan to provide resources; the Washington Headquarters Service and the Defense Office of Hearings and Appeals had finalized their resource plans; and the Defense Industrial Security Clearance Office must develop a plan to ensure sufficient resources exist to process cases in a timely manner. In addition, the National Security Council tasked the Secretary of Defense in conjunction with the Defense Security Service and the Office of Personnel Management to develop an adjudicative "spend plan" for expected monthly input of investigations to the central adjudication facilities.

Defense Security Service Comments. Although not required to comment, the Defense Security Service concurred with the recommendation.

2. We recommend that the Secretaries of the Army, the Navy, and the Air Force; the Chairman of the Joint Chiefs of Staff; and the Directors of the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the National Security Agency, and the Washington Headquarters Service provide the resources required for the central adjudication facilities to adjudicate and process the appeals for the projected security clearance requests.

Department of the Army Comments. The Army concurred and stated it would consider additional authorizations if the assessment of the resource requirements determined that the 16 Reservists authorized were not sufficient. Also, the Army requested that we recommend that the Under Secretary of Defense (Comptroller) provide supplemental funding.

Audit Response. We did not recommend supplemental funding because we cannot prejudge the outcome of the overall FY 2002 budget review, but we believe that Recommendation 4 meets the Army's concern.

Department of the Navy Comments. The Navy concurred and stated that on September 15, 2000, funding was provided for 10 additional civilian full time equivalents and 30 Reservist billets. Billets for 10 Reservists are funded through FY 2007 with 20 Reservist scheduled for a two-year period. In addition, six vacancies will be filled.

Department of the Air Force Comments. The Air Force concurred and stated that it anticipates that any forthcoming requirements will be adequately addressed by the Air Force. Further, the Air Force had also authorized funding to perform the adjudication function identified in an October 1999 Air Intelligence Agency manpower study.

Defense Office of Hearings and Appeals Comments. The Defense Office of Hearings and Appeals did not comment on a draft of this report. We request that the Defense Office of Hearings and Appeals provide comments in response to the final report.

Defense Intelligence Agency Comments. The Defense Intelligence Agency did not comment on a draft of this report. We request that the Defense Intelligence Agency provide comments in response to the final report.

National Security Agency Comments. The National Security Agency concurred with the recommendation and stated that it was analyzing the National Security Agency Central Adjudication Facility's assessment of the number of personnel and resources required for the adjudication and the appeals processes.

Joint Staff Comments. The Joint Staff concurred with the recommendation.

Washington Headquarters Service Comments. The Washington Headquarters Service concurred with the recommendation and stated that it has authorized two full-time equivalents in FY 2000 and two additional full-time equivalents in FY 2001. In addition, the remaining full-time equivalents will be addressed through the advance recruitment authority.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments. Although not required to comment on the recommendation, the Director of Security, Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), concurred and stated that the Defense Intelligence Agency, the National Security Agency, and the Joint Staff have no appreciable adjudicative backlog.

Defense Security Service Comments. Although not required to comment, the Defense Security Service concurred with the recommendation.

3. We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) analyze the impact of the Joint Personnel Adjudication System implementation, in conjunction with the Directors and Chiefs of the eight DoD central adjudication facilities, on the DoD central adjudication facilities' completion of the increased workload required by the overdue periodic reinvestigations and determine an implementation date.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments. The Director of Security, Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), partially concurred with the recommendation and acknowledged there would be temporary workload increases during implementation. The Army, the Navy, and the Air Force identified additional resources for the central adjudication facilities; however, the Defense Office of Hearings and Appeals, the Washington Headquarters Service, and the Defense Industrial Security Clearance Office are evaluating additional resource requirements. This issue was to be on the agenda for final discussion at the Joint Personnel Adjudication System Executive Steering Committee meeting in September 2000.

Audit Response. The Director of Security, Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), comments are responsive. We agree that the Joint Personnel Adjudication System will be a useful tool to both DoD managers and the central adjudication facilities; however, the impact of implementing the Joint Personnel Adjudication System during the increased workload required by the overdue periodic reinvestigations needed to be thoroughly analyzed. No further comments are required.

Department of the Army Comments. The Army concurred with the recommendation. The Army stated that unless the Joint Personnel Adjudication System is delayed beyond the elimination of the overdue periodic reinvestigations, testing should begin in November 2000, as scheduled.

Department of the Navy Comments. The Navy concurred with the recommendation.

Department of the Air Force Comments. The Air Force nonconcurred with the recommendation and stated that the consensus was to continue with the Joint Personnel Adjudication System implementation schedule because the workload

fluctuations will continue for the unforeseeable future and because it is the personnel security management tool that will assist in determining future investigative requirements.

Audit Response. Despite the nonconcurrence, the Air Force is participating in the Joint Personnel Adjudication System Steering Committee, which was addressing the intent of the recommendation. No further comments are necessary.

Defense Office of Hearings and Appeals Comments. The Defense Office of Hearings and Appeals did not comment on a draft of this report. We request that the Defense Office of Hearings and Appeals provide comments in response to the final report.

Defense Intelligence Agency Comments. The Defense Intelligence Agency did not comment on a draft of this report. We request that the Defense Intelligence Agency provide comments in response to the final report.

National Security Agency Comments. The National Security Agency concurred with the recommendation and stated that it will continue to work with the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) on the impact of the implementation of the Joint Personnel Adjudication System.

Joint Staff Comments. The Joint Staff concurred with the recommendation.

Washington Headquarters Service Comments. The Washington Headquarters Service did not comment on the recommendation.

Audit Response. Because the Joint Personnel Adjudication System Steering Committee, which includes the Washington Headquarters Service, was addressing the recommendation, no comment is required.

Defense Security Service Comments. Although not required to comment, the Defense Security Service concurred with the recommendation.

4. We recommend that the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submissions to ensure that the DoD budget for FY 2002 and outyears enables the central adjudication facilities to meet forecasted workload requirements.

Under Secretary of Defense (Comptroller) Comments. The Director for Revolving Funds, Office of the Under Secretary of Defense (Comptroller), concurred with the recommendation and stated that the central adjudication facilities will be included as part of the overall DoD Appropriation budget review and the central adjudication facilities' execution plans will be coordinated with the execution plans provided by the Defense Security Service and the Office of Personnel Management for processing security clearance investigations.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments. The Director of Security, Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), concurred with the recommendation and stated that the review of budget submissions is already underway.

Department of the Navy Comments. Although not required to comment, the Navy concurred with the recommendation.

Department of the Air Force Comments. Although not required to comment, the Air Force concurred and stated that the recommendation should be expanded to include the designated investigative agencies. The Air Force will monitor trends quarterly.

Defense Security Service Comments. Although not required to comment, the Defense Security Service concurred with the recommendation.

National Security Agency Comments. Although not required to comment, the National Security Agency concurred with the recommendation and stated that on September 22, 2000, it reported to the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) that it needed four additional adjudicators and additional funding in FYs 2001 and 2002 in addition to the resources identified by the National Security Agency Central Adjudication Facility.

Appendix A. Audit Process

Scope

Work Performed. We reviewed the personnel, the resources and requested or approved increases, the projected workload increase, the effect of the increasing workload, and training requirements at the eight DoD CAFs.

DoD-Wide Corporate Level Government Performance and Results Act Coverage. In response to the Government Performance and Results Act, the Secretary of Defense annually establishes DoD-wide corporate level goals, subordinate performance goals, and performance measures. This report pertains to achievement of the following goal, subordinate performance goals, and performance measures:

FY 2001 DoD Corporate Level Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineering the Department to achieve a 21st century infrastructure. **(00-DoD-2) Subordinate Performance Goal 2.1:** Recruit, retain, and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges **(00-DoD-2.1) FY 2000 Performance Measure 2.1.1:** Enlisted Recruiting. **(00-DoD-2.1.1) Subordinate Performance Goal 2.3:** Streamline the DoD infrastructure by redesigning the Department's support structure and pursuing business practice reforms. **(00-DoD-2.3) FY 2000 Performance Measure 2.3.1:** Percentage of the DoD Budget Spent on Infrastructure. **(00-DoD-2.3.1)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage indirectly related to the Defense Weapon Systems Acquisition, the Information Management and Technology, and the Military Personnel Management high-risk areas.

Methodology

To determine the personnel and resource requirements of the eight CAFs to process security clearance requests in a timely manner, we interviewed personnel from the eight CAFs to determine how they operated. We also compared the cases processed for the period from May 1994 through June 2000 and determined the factors that would affect the CAFs within the next 5 years.

Use of Computer-Processed Data. We relied on computer-processed data for the number of cases that the CAFs receive and adjudicate. We did not perform tests of system general and application controls to confirm the reliability of the data. We did not establish reliability of the data because there is no other source of security clearance investigations to be adjudicated, and DSS cannot

identify the cases provided to each CAF for adjudication. We believe that any error rate would be insignificant to the finding because the number of cases to be adjudicated is affected by so many factors. Therefore, not establishing the reliability of the databases will not materially affect the results of our audit.

Audit Type, Dates, and Standards. We conducted this economy and efficiency audit from May 2000 through August 2000, in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

Management Control Program. We will address the CAFs' management control program in a later report.

Appendix B. Prior Coverage

During the last 6 years, the Inspector General, DoD, issued six reports; the General Accounting Office issued two reports; the Joint Security Commission II, the Commission on Protecting and Reducing Government Secrecy, and the Joint Security Commission issued one report each on security clearance background investigations.

General Accounting Office

General Accounting Office Report No. NSIAD-0012 (OSD Case No. 1901), "DoD Personnel, Inadequate Personnel Security Investigations Pose National Security Risks," October 27, 1999.

General Accounting Office Report No. NSIAD-00215 (OSD Case No. 2055), "DoD Personnel, More Actions Needed to Address Backlog of Security Clearance Reinvestigations," August 24, 2000.

Inspector General, DoD

Inspector General, DoD, Report No. D-2000-134, "Tracking Security Clearance Requests," May 30, 2000.

Inspector General, DoD, Report No. D-2000-111, "Security Clearance Investigative Priorities," April 5, 2000.

Inspector General, DoD, Report No. D-2000-072, "Expediting Security Clearance Background Investigations for Three Special Access Programs" (U), January 31, 2000. (SECRET)

Inspector General, DoD, Report No. 98-124, "Department of Defense Adjudication Program," April 27, 1998.

Inspector General, DoD, Report No. 98-067, "Access Reciprocity Between DoD Special Access Programs" (U), February 10, 1998. (CONFIDENTIAL)

Inspector General, DoD, Report No. 97-196, "Personnel Security in the Department of Defense," July 25, 1997.

Others

Joint Security Commission II, "Report of the Joint Security Commission II," August 24, 1999.

Commission on Protecting and Reducing Government Secrecy, Senate Document 105-2, "Report of the Commission on Protecting and Reducing Government Secrecy," March 3, 1997.

Joint Security Commission, "Redefining Security," February 28, 1994.

Appendix C. Factors Affecting Personnel and Resources at Each Facility

<u>Factors</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>WHS</u> ¹	<u>DOHA</u> ²	<u>JCS</u> ³	<u>DIA</u> ⁴	<u>NSA</u> ⁵
Overdue periodic reinvestigations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Periodic reinvestigations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigations pending at DSS	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Investigations by OPM	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Secret and Confidential requirements								
Investigation change	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Navy and Air Force recruits	No	Yes	Yes	No	No	No	No	No
First-term attrition rates	Yes	Yes	Yes	No	No	No	No	No
Joint Personnel Adjudication System	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Defense Clearance and Investigations Index	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Large percent of workforce to be replaced	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Insider Threat Mitigation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional functions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Issues affecting adjudicative facilities								
Adjudicators eligible to retire	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Overtime	No	No	Yes	Yes	Yes	Yes	Yes	Yes

¹Washington Headquarters Service

²Defense Office of Hearings and Appeals

³Joint Chiefs of Staff

⁴Defense Intelligence Agency

⁵National Security Agency

Appendix D. Insider Threat Mitigation

The Chief Information Officer, DoD, issued the "DoD Insider Threat Mitigation Final Report of the Insider Threat Integrated Process Team," April 24, 2000, for review and comment. The report results from the actions of the Insider Threat Integrated Process Team requested by the Senior Civilian Officer of ASD(C³I) and contains 60 recommendations. The team's charter was "to foster the effective development of interdependent technical and procedural safeguards" to reduce malicious behavior by insiders. The insider is anyone who is or has been authorized access to DoD information systems. Inspector General, DoD, Report No. 97-049, "DoD Management of Information Assurance Efforts to Protect Automated Information Systems," September 25, 1997, indicated that, for one set of investigations, 87 percent of identified intruders into DoD information systems were either employees or others internal to the organization. Two of the six key elements of a strategy to minimize the impact of the insider threat are:

- Establish trustworthiness – seek to reduce the threat by establishing a high level of assurance in the trustworthiness of people, practices, systems and programs, and
- Strengthen personnel security and management practices.

The insider threat is to closed systems that process classified information and open systems that process unclassified information. The report stated that ASD(C³I) must develop a Personnel Security Strategic Plan for determining the right mix of investigative, adjudicative and continuous monitoring methods needed to maintain an acceptable level of assurance in the trustworthiness, reliability and loyalty of the workforce (insider).

The report makes five recommendations that will directly impact the security clearance process.

- Create two distinct categories of information technology insider. The proposed differentiation is:
 - Category 1: Positions involving privileged access to DoD information technology systems with the capability to alter the intended operation or proper configuration of the system.
 - Category 2: Positions involving general access to DoD information technology systems with read/write permissions, and whose incumbents can receive information from, input information to, or modify information on a system without a reliable human review. An alternative would be to make this the "all other" category to include everyone with access to DoD information systems or networks.

-
- Establish, as an investigative prerequisite, the requirement for a favorable single scope background investigation completed within the past 5 years for Category 1 insiders.
 - Establish, as the investigative prerequisite, the requirements for a NACLC associated with access to Secret or Confidential access for Category 2 insiders.
 - Conduct minimum periodic reinvestigations at the 5-year interval for Category 1 information technology positions and a 10-year interval Category 2 information technology positions.
 - Mandate completion of minimum requirements prior to permitting a Category 1 insider to assume assigned duties.

These recommendations make a Category 1 the equivalent of a Top Secret clearance or Sensitive Compartmented Information access and a Category 2 the equivalent of a Secret or Confidential clearance. If implemented, these recommendations would create the potential of requiring most DoD and contractor employees without a current Secret or Top Secret security clearance to obtain the equivalent investigation and adjudication.

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
 Director, Special Programs
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
 Director, Security
 Deputy Director, Personnel Security
Under Secretary of Defense (Comptroller)
 Deputy Chief Financial Officer
 Deputy Comptroller (Program/Budget)
 Director (Program Analysis and Evaluation)
General Counsel of the Department of Defense
 Deputy General Counsel, Legal Counsel
 Director, Defense Office of Hearing and Appeals
Director, Washington Headquarters Service
 Director, Directorate for Personnel and Security
 Chief, Consolidated Adjudication Facility

Joint Staff

Chairman, Joint Chiefs of Staff
Director, Joint Staff
Director of Management
 Chief, Joint Staff Security Office
 Chief, Personnel Security Branch

Department of the Army

Secretary of the Army
Chief, Army Technology Management Office
Auditor General, Department of the Army
Commander, Total Army Personnel Command
 Adjutant General, The Adjutant General Directorate
 Commander, Army Central Personnel Security Clearance Facility

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Manpower and Reserve Affairs)
Naval Inspector General
Director, Special Programs Division, Chief of Naval Operations

Department of the Navy (cont.)

Auditor General, Department of the Navy
Superintendent, Naval Post Graduate School
Director, Naval Criminal Investigative Service
Director, Central Adjudication Facility

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Administrative Assistant to the Secretary of the Air Force
Director, Security and Special Programs Oversight
Director, Air Force Central Adjudication Facility
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Intelligence Agency
Director, Directorate for Administration
Chief, Counter Intelligence and Security Activities
Chief, Central Adjudication Facility
Inspector General, Defense Intelligence Agency
Director, Defense Security Service
Inspector General, Defense Security Service
Director, Defense Industrial Security Clearance Office
Director, National Security Agency
Director, Security Services
Chief, Personnel Security Analysis
Chief, Central Adjudication Facility
Inspector General, National Security Agency
Inspector General, National Imagery and Mapping Agency

Non-Defense Federal Organization

Office of Management and Budget

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Select Committee on Intelligence
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Management, Information, and Technology,
Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International
Relations, Committee on Government Reform
House Permanent Select Committee on Intelligence

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Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

SEP 25 2000




MEMORANDUM FOR INSPECTOR GENERAL DEPARTMENT OF DEFENSE

SUBJECT: Comments on Draft Audit Report on Resources of DoD Adjudication Facilities
(Project No. D1999-AD-0079.01)

The draft audit discusses the impact of the backlog of Security Clearances on the operations of the eight Central Adjudication Facilities (CAF). The CAF is authorized to grant, deny or revoke security clearances for DoD civilian and military personnel. The report notes that as the tempo of work performed by the Defense Security Service (DSS) and the Office of Personnel Management (OPM) increases to clear the backlog of investigations, there will be more work for the CAFs to review. The audit notes that unless sufficient resources are provided to the CAFs, DoD personnel will experience further delays in receiving security clearances.

We concur with the overall facts in the report. The CAFs are direct funded by the individual components and are not part of the Defense Security Service or the Defense-wide Working Capital Fund. However, the workload of the CAFs is directly impacted by the throughput of investigations from DSS and OPM. Consequently, resources required by the CAFs will also be impacted by DSS and OPM outputs. Our specific response to recommendation 4 is attached.

The point of contact for this report is Ralph Proctor. He may be reached at (703) 697-1880.


John M. Evans
Director for Revolving Funds

Attachment
As stated

Comments on DoD IG Draft Report D1999-AD-0079.1
Resources of DoD Adjudication Facilities

Recommendation 4: We recommend that the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submissions to ensure that the DoD budget for FY 2002 and out-years enables the central adjudication facilities meet forecasted workload requirements.

OUSDC Comments: Concur. We will include this area as part of the overall DoD Appropriation budget review. We will also insure that the execution plan is coordinated with the execution plans provided by the Defense Security Service and the Office of Personnel Management for processing Security Clearance Investigations.

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000
September 25, 2000

MEMORANDUM FOR DIRECTOR, ACQUISITION MANAGEMENT DIRECTORATE,
DODIG


SUBJECT: Audit Report on Resources of DoD Adjudication Facilities (Project No. D1999-AD-0079.01) (Formerly Project No. 9AD-0046.01)

This is in response to your memorandum of August 25, 2000, subject as above, in which you asked for final comments regarding your review of the DoD central adjudication facilities (CAF). This was a timely report and addressed significant CAF issues about which C3I and the security community are concerned, especially in view of the scrutiny being focused on the periodic reinvestigation (PR) backlog and the CAFs' ability to accommodate the workload.

While there appears to be no question that the CAFs will require additional resources to meet the PR adjudication backlog projected for FY01/02, the good news is that the Army, Air Force and now Navy have identified and programmed the resources to meet the demand. At a September 15, 2000 meeting at the National Security Council (NSC), Bill Leonard, DASD(S&IO), OASD(C3I), and the Senior Officials of the Army, Navy and Air Force briefed their plans for resourcing the CAFs to ensure no adjudicative backlogs arise over the next two years. The NSC will hold regular meetings in the future to ensure DoD is meeting both the investigative and adjudicative "spend plan."

The Joint Personnel Adjudication System (JPAS) will undoubtedly require extra effort by the CAFs during Beta testing from November 2000 to March 31, 2001. However, the effort is necessary since JPAS will provide solutions to many of the problems that are confronting DoD today, like a precise count of the PR backlog. While the CAFs may have concerns about the JPAS testing impact, they all agree with the necessity to do it to ensure that the system is thoroughly tested before full implementation. The NSC, OMB and the Congress stated that if DoD requires additional resources to resolve the PR backlog that they should ask for it. Thus, while your concerns in this area are understood, there is little need for further analysis since the CAFs will be receiving additional resources, which should offset the JPAS Beta test impact.

OASD(C3I) responses to each of the four recommendations are attached. If you have any questions, please contact Mr. Peter Nelson at 703-697-3969.


Richard F. Williams, CPP
Director of Security

Attachment

OASD(C3I) COMMENTS

1. **We recommend that the Directors and Chiefs of the eight DoD central adjudication facilities:**

- a. **Analyze and assess all factors that affect the adjudication and appeals process.**
- b. **Determine the number of personnel and amount of resources that will be required.**

C3I: Concur. Work is already underway or completed on this recommendation. The Army and Air Force have identified resources for FY01 and 02 to work the periodic reinvestigation backlog. The Navy has recently approved a plan to significantly ramp up the DONCAF resources to meet the anticipated demand. Neither DOHA nor WHS has finalized their resource plans for FY01 and 02. In addition, since the Defense Industrial Security Clearance Office (DISCO) is responsible for issuing clearances for DoD contractor personnel, they must also develop a plan to ensure sufficient resources exist to process cases in a timely manner. A recent visit to the NSC resulted in the tasking of OSD to develop, in conjunction with DSS and OPM, an adjudicative "spend plan" regarding expected monthly input of investigations to the CAFs. This is due by September 29, 2000.

2. **We recommend that the Secretaries of the Army, the Navy, and the Air Force; the Chairman of the Joint Chiefs of Staff; and the Directors of the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the National Security Agency, and the Washington Headquarters Services provide the personnel and resources required for the central adjudication facilities to adjudicate and process the appeals for the projected security clearance requests.**

C3I: Concur. See above comment. It is our understanding that the DIA, NSA and Joint Staff have no appreciable adjudicative backlog and are current with respect to their PR backlog submissions. The other Defense agencies also advised that, for the most part, they are current with their PR submissions.

3. **We recommend that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) analyze the impact of the Joint Personnel Adjudication System implementation, in conjunction with the Directors and Chiefs of the eight DoD central adjudication facilities, on the DoD central adjudication facilities' completion of the increased workload required by the overdue periodic reinvestigations and determine an implementation date.**

C3I: Partially concur. While it is acknowledged that the JPAS Beta test period will place an additional burden on CAF resources for about five months, this is by no means a new requirement for the CAF chiefs. In addition, the Army, Navy and Air Force have identified substantial additional resources to ensure the CAFs will not develop a PR adjudication backlog. DOHA, WHS, and DISCO are still evaluating additional staffing requirements and the impact of JPAS testing on their operations. All DoD CAF chiefs are members of the

JPAS Executive Steering Committee (ESC) and support the JPAS test period to ensure problems are fully identified and resolved before the system becomes operational. All understand that a significant postponement of the JPAS Beta test could result in costly delays that could end the program. Accordingly, this item is on the agenda for final discussion at the JPAS ESC meeting on September 26, 2000.

We recommend that the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submissions to ensure that the DoD budget for FY 2002 and outyears enables the central adjudication facilities to meet forecasted workload requirements.

C3I: Concur. This process is already underway as described above and will be closely monitored by C3I.

Department of the Army Comments



DEPARTMENT OF THE ARMY
U.S. TOTAL ARMY PERSONNEL COMMAND
ALEXANDRIA VA
22331-0470

REPLY TO
ATTENTION OF

September 22, 2000

PCCF-ZA

MEMORANDUM THRU ~~Commander, U.S. Total Army Personnel Command~~ *Aq/25*

FOR Director, Acquisition Management Directorate, ATTN: Assistant Inspector
General, Department of Defense

SUBJECT: Response to Audit Report on Resources of the DOD Adjudication Facilities
(Project No. D1999-AD-0079.01) (Formerly Project No. 9AD-0046.01)

1. Army concurs with the finding of the report and provides the following comments:


Recommendation #1: The Commander of the Army Personnel Security Central Clearance Facility (CCF) will assess his resource requirements in relation to the 11 factors described in the report within 60 days of the published final report. CCF has already assessed the major portion of these factors that revolve around the DOD wide periodic reinvestigation (PR) backlog.

Recommendation #2: The Army leadership will insure CCF is resourced properly to provide timely adjudications based on the assessment performed above. The Assistant Secretary of the Army for Manpower and Reserve Affairs has authorized 16 Reservists to assist CCF with the impending PR backlog. If this is insufficient, more authorizations will be considered. However, we strongly recommend the report indicate OSD must provide supplemental funding. OSD has provided significant funding to DSS to reduce its backlog that will now shift to the CAFs.

Recommendation #3: The Joint Personnel Adjudication System (JPAS) BETA testing is one of the 11 factors affecting adjudications during the critical time when the PR backlog wave will hit CCF. However, to further delay testing, unless delayed beyond the diminishment of the backlog, would be impractical and counter productive. When weighed against the overall benefits of the system, JPAS should begin testing, as now scheduled, in November 2000.

Recommendation #4: No comment.

2. POC for this report is COL Demers, (301) 677-6712; DSN 923-6712.


KATHRYN G. FROST
Brigadier General, USA
The Adjutant General

CF:
Deputy Chief of Staff for Personnel, Department of the Army
Auditor General, Department of the Army

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

SEP 29 2000

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

Subj: AUDIT REPORT ON RESOURCES OF DOD ADJUDICATION FACILITIES
(PROJECT NO. D199-AD-0079.01) OF 25 AUGUST 2000

The Department of the Navy has reviewed the subject audit report and, except as noted below, concurs with the findings and recommendations. The following comments are provided to correct and update factual information addressed in the draft report.

Page i, of the Executive Summary under Results and Recommendations, and Page 16 under Recommendations: The report states the facilities resources have not been fully identified. The Director of the DON Central Adjudication Facility (CAF) has determined the personnel and resources required to adjudicate security clearances. A formal Most Efficient Organization study process completed in July 1999 included a report addressing the expected surge in Periodic Investigations. These reports were provided to the auditors along with the (then) current Impact Statement of March 2000, addressing resource needs. Moreover, all other factors outlined in the DoD IG Report impacting on workload and resources have been considered and addressed. Effective 15 September 2000 the DON has funded ten additional civilian FTEs through FY-07 and 30 Reservist billets. Ten Reservists are funded through FY-07 with 20 Reservists scheduled for a two-year period. Additionally, we will select 16 civilians, to fill six vacancies and the 10 FTE plus-up.

Footnote 3, Page 7: The remaining 44,967 cases are for a variety of clearance actions pending such as information under the continuous evaluation program (which includes some investigations from NCIS).

If additional information or assistance is needed concerning this issue, the DON CAF point of contact is Mrs. Fredericka Oar, (202) 433-8885 or email foar@ncis.navy.mil.

Karen S. Heath

KAREN S. HEATH
Principal Deputy
Assistant Secretary of the Navy
(Manpower & Reserve Affairs)

Department of the Air Force Comments



OFFICE OF THE SECRETARY

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

SEP 25 2000

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: SAF/AA

SUBJECT: DoDIG Draft Report, Resources of DoD Adjudication Facilities (D1999AD-0079.01)

1. This is in reply to your memorandum requesting Secretary of the Air Force (Financial Management and Comptroller) to provide Air Force comments on subject report.

2. Recommendation: We recommend the Directors and Chiefs of the eight DoD central adjudication facilities:

a. Analyze and assess all factors that affect the adjudication and appeals process.

Concur

1. Overdue periodic reinvestigations: AF is in the process of a second data call to determine the number of remaining overdue PRs. The initial data call revealed 52,000 overdue PRs. Authorization was obtained for 22 reservists to be brought on board to assist with the backlog, with 21 already on board and the 22nd being held in abeyance for later consideration.

2. Continuing reinvestigation requirements: Once the AF has eliminated the PR backlog, resources necessary to maintain the continuing reinvestigative requirements will be evaluated. This will be done at the end of FY 02, taking into consideration the 22 permanent additional adjudicators programmed for FY02.

3. Investigations pending at DSS: We have adequately programmed for funding the current and projected investigations and the additional adjudicators necessary for eliminating the backlog. Funding was authorized 22 Jun 00 by the OSD Comptroller for investigations and the Air Force Comptroller has re-allocated sufficient FY 01 funds to support the additional adjudicative staff. In Jul 00 we added one additional resource at the AF Liaison Office physically located at the DSS to assist with monitoring AF investigations pending with DSS.

4. Investigations by OPM: Investigations to be run by OPM have been funded as follows for FY 01, \$22M and for FY 02, \$17 M. The AF has established, effective 28 Sep 00, a three-man liaison office physically located at the OPM Investigations Center, Boyers, PA, to facilitate an uninterrupted flow of cases from AF requesters to OPM. AF is also in the process of establishing an electronic capability at OPM to allow electronic submission of investigative requests from AF requesters worldwide, to be operational by 1 Oct 00. This is especially critical with OPM assuming the investigative workload for Air Force accessions beginning 1 Oct 00.

5. Secret and Confidential clearance requirements: Effective 1 Oct 99, the AF implemented the new NACLIC investigative requirement for Secret clearances. Effective 1 Oct 00, the AF will implement the NACLIC as the investigative requirement for accessions. To ensure adjudications keep pace with the anticipated increase in completion times for OPM-conducted investigations, approval has been received to hire 22 temporary civilian adjudicators for a two-year period. Hiring is anticipated to be completed by 31 Nov 00. Funding has been approved to hire 22 permanent adjudicators in FY 02. These actions will enable the AF to stay current with adjudication workload.

6. Joint Personnel Adjudication System (JPAS): The BETA testing and DoD wide implementation of JPAS will require the Air Force CAF to continue operation of our existing automation system - SENTINEL KEY - while the transition is in progress. The requirement to utilize 1/3 of the CAF resources has been identified in the CAF workload planning and the Air Force will be adequately staffed to meet the challenges of the JPAS BETA test and subsequent implementation.

7. Defense Clearance and Investigations Index (DCII): The DoD IG is currently conducting an audit of the DCII. The AF is cooperating fully in this audit and has met with DoD IG representatives a number of times since Mar 00, the last meeting taking place on 21 Sep 00. Resolution of any DCII problems should be addressed collectively by the DoD CAF community.

8. Large percentage of workforce to be replaced: The Air Force is aware of the anticipated loss of a large percentage of the DoD workforce within the next seven years, necessitating additional investigations and adjudications for new hires to replace the vacated positions. AF will evaluate the projected losses quarterly and annually and request appropriate funding for any additional investigative and adjudicative requirements.

9. Insider threat mitigation: If the recommendations of the "DoD Insider Threat Mitigation Final Report of the Insider Threat Integrated Process Team" are adopted, the AF will review the impact on any additional investigations and adjudications required as a result. Funding requests will be submitted accordingly.

10. Additional functions: For adjudication funding requests beyond FY 02, the AF will take into consideration the need for additional resources due to adjudicators performing functions beyond routine adjudication of security clearances. Such areas include staffing of our liaison offices, participation in regular and ad hoc committees and panels relative to security adjudication, monitoring of pending investigations for certain critical programs, and processing of Freedom of Information and Privacy Act requests, and Congressional inquiries.

11. Issues affecting adjudicative facilities: The AF is aware of the number of adjudicators that will be eligible to retire between now and FY 05. The retirement projections will be closely monitored each FY and the hiring process begun well in advance of any losses to preclude any gap in adjudicative capacity.

b. Determine the number of personnel and amount of resources that will be required.

Concur

The Air Force has already resolved the issue of adjudicative manpower by the hiring of 22 temporary civilian over-hires and using 22 Individual Mobilization Augmentees (IMAs). The IMA staffing is completed and the civilian hiring is in process. Currently, five civilians have been hired and the final selectees are being processed through the Air Force civilian personnel management system. The Air Force is in the process of resolving FY01 funding for the investigative workload by including the

\$12M shortfall in an Omnibus reprogramming action. Air Force Comptroller does not anticipate any problems in securing these funds as a result of the OSD mandates. FY02 funding, including the shortfall, has been included in the Budget Estimate Submission to the OSD Comptroller.

3. Recommendation: We recommend that the Secretaries of the Army, Navy, and the Air Force; the Chairman of the Joint Chiefs of Staff; and the Directors of the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the National Security Agency, and the Washington Headquarters Service provide the personnel and resources required for the central adjudication facilities to adjudicate and process the appeals for the projected security clearance requests.

Concur.

This has been done within the Air Force. A manpower study was conducted Air Intelligence Agency (AIA) in Oct 99. Based on the results of that study, AF authorized funding to conduct the projected investigations and perform the adjudication function. Due to the seriousness of security clearances with respect to the Air Force mission and the involvement of senior AF leadership, it is anticipated that any forthcoming requirements will be adequately addressed.

4. Recommendation: We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) analyze the impact of the Joint Personnel Adjudication System implementation, in conjunction with the Directors and Chiefs of the eight DoD central adjudication facilities, on the DoD central adjudication facilities' completion of the increased workload required by the overdue periodic reinvestigations and determine an implementation date.

Non-concur.

The ASD/C3I Staff, in conjunction with the Commanders/Directors of the DoD Central Adjudication Facilities, has discussed the impact of JPAS implementation vis-a-vis the projected periodic reinvestigation workload. The consensus of these representatives was to continue with the JPAS implementation schedule as the workload fluctuations will continue for the foreseeable future and JPAS is the personnel security management tool which will assist in determining future investigative requirements. JPAS will enable DoD to accurately and adequately manage the personnel security program on a real-time basis and will facilitate unit level review of security clearance requirements. The DoD IG report portrays a negative connotation of the benefits of JPAS. In the long-term, the ultimate efficiencies and the elimination of duplication and redundancy will be gained once JPAS has attained 80% use within the DoD security community. JPAS will allow DoD to accurately provide statistical data regarding the number of individuals in access (C, S, TS, SCL, and SAP); disclose the number of individuals with periodic reinvestigation requirements; number of personnel that have undergone an investigation but the access is lower than the clearance eligibility; generate statistical reports and analyses in personnel security trends (cumulative data of the 13 adjudicative criteria); provide real-time personnel security information to the warfighter; eliminate service variances relative to the implementation of National and DoD personnel security policy; eliminate over 125 service personnel security forms; afford reciprocity for both security clearance and SCL access determinations. This in itself, will eventually result in savings to DoD regarding investigative requirements.

5. Recommendation: We recommend that the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submissions to ensure that the DoD budget for FY 2002 and outyears enables the central adjudication facilities to meet forecasted workload requirements.

Concur.

The recommendation should be expanded to include the capacity of designated investigative agencies. AF will monitor trends on a quarterly basis to ensure a realistic projected workload to meet mission needs.

6. We appreciate the opportunity to make comments to this report. Any questions can be answered through my expert, Ms. Joan Work, at 202-767-9440.



WILLIAM A. DAVIDSON
Administrative Assistant

Defense Security Service Comments

Final Report
Reference



DEFENSE SECURITY SERVICE
P. O. BOX 46060
BALTIMORE, MARYLAND 21240-0606

SEP 28 2000

MEMORANDUM FOR INSPECTOR GENERAL, DOD
Attention: Thomas F. Gimble

SUBJECT: Draft Audit Report on Resources of DoD Adjudication Facilities, Project
Number D1999-AD-0079.01

The Defense Security Service has reviewed the draft audit report regarding resources of
DoD adjudication facilities and concur with the findings and recommendations.

However, for accuracy, please note that the DSS has issued five augmentation contracts
vice six (reference, page 6, third paragraph).

for Judith M. Hughes
CHARLES J. CUNNINGHAM JR.
Director

Copy to: DSS OIG

Revised page 6

National Security Agency Comments



NATIONAL SECURITY AGENCY
FORT GEORGE G. MEADE, MARYLAND 20755-8000

29 September 2000

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL
(Director Acquisition Management Directorate)

SUBJECT: Audit Report on Resources of DoD Adjudication Facilities (Project No.
D1999-AD-0079.01)

NSA has reviewed the draft version of DoD IG Audit Report on Resources of DoD Adjudication Facilities, dated 25 August 2000. The National Security Agency overall, concurs with your findings and recommendations. As a security Component working within both Department of Defense (DoD) and Director of Central Intelligence (DCI) authorities, I must recommend the DCI, DCID 6/4, and the Community Management Staff (CMS) be referenced in this document as responsible for policy, guidance, and oversight of Sensitive Compartmented Information (SCI). Insertion of this information should be included in the text of your report within the Responsibilities section.

Please see attachment for NSA's response to each of the four recommendations.

If you have any questions or need additional information, please contact Lynda Silva on (301) 688-6607.

A handwritten signature in black ink, appearing to read "Michael C. Gidos".
MICHAEL C. GIDOS
Comptroller

Encl:
a/s

Final Report
Reference

Added page 2

RECOMMENDATION 1: We recommend that the Directors and Chiefs of the eight DoD central adjudication facilities:

- a. Analyze and assess all factors that affect the adjudication and appeals process.
 - b. Determine the number of personnel and amount of resources that will be required.
- **NSA RESPONSE 1:** NSA concurs with Recommendation 1. The NSA Central Adjudication Facility has conducted an analysis of the adjudication and appeals process, and has determined the number of personnel and amount of resources required.

RECOMMENDATION 2: We recommend that the Secretaries of the Army, the Navy, and the Air Force; the Chairman of the Joint Chiefs of Staff; and the Directors of the Defense Intelligence Agency, the Defense Office of Hearings and Appeals, the National Security Agency, and the Washington Headquarters Service provide the personnel and resources required for the central adjudication facilities to adjudicate and process the appeals for the projected security clearance requests.

- **NSA RESPONSE 2:** While NSA supports the need for the central adjudication facilities described in Recommendation 2, we are currently analyzing the results of the NSA Central Adjudication Facility review of the adjudication and appeals process to determine if we can support the need for the additional personnel and resources required. This comes at a time when we have already completed our Intelligence Budget Estimate Summary (IBES) and Budget Estimate Summary (BES) for FY 2002-2007, therefore, we will not be able to take any program actions until later in the year when our Congressional Budget Justification Book (CBJB) and Congressional Budget Justification (CJB) is being produced.

RECOMMENDATION 3: We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) analyze the impact of the Joint Personnel Adjudication System implementation, in conjunction with the Directors and Chiefs of the eight DoD central adjudication facilities, on the DoD central adjudication facilities' completion of the increased workload required by the overdue periodic reinvestigations and determine an implementation date.

- **NSA RESPONSE:** We concur with this recommendation, and continue to work with ASD(C3I) on the required analysis.

RECOMMENDATION 4: We recommend that the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) review the DoD Components' budget submissions to ensure that the DoD budget for FY 2002 and outyears enables the central adjudication facilities to meet forecasted workload requirements.

-
- NSA RESPONSE 4: We concur with Recommendation 4. On 22 September 2000, NSA Executive Director, responded to formal tasking from ASDC3I, indicating that we needed four additional adjudicators and additional funding in FY 2001 and 2002. These resources would be in addition to resources identified in the review by the NSA Central Adjudication Facility noted in our response to recommendation 1.

Joint Staff Comments



THE JOINT STAFF
WASHINGTON, DC

Reply ZIP Code:
20318-0300

DJSM-858-00
11 October 2000

MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF
DEFENSE

Subject: Audit Report on Resources of DOD Adjudication Facilities (Project No.
D1999-AD-0079.01)

1. Thank you for the opportunity to review the Audit Report on Resources of DOD Adjudication Facilities.¹ The Joint Staff Central Adjudicative Facility (JSCAF) concurs in the DODIG findings. We currently have two trained and certified adjudicators to ensure Joint Staff personnel in mission-critical and high-risk positions are cleared in a timely manner. In 1999, we converted three military billets to civilian billets and hired new adjudicators. We also have a training program and require our adjudicators to receive yearly training and certification from the Defense Security Service Academy (DSSA).

2. The Joint Staff point of contact is Ms. Martine de Lizza, Joint Staff Security Office, ext. (703)695-6040.

A handwritten signature in black ink, appearing to read "Garry R. Trexler".

GARRY R. TREXLER
Major General, USAF
Vice Director, Joint Staff

Reference:

- 1 ODDIG memorandum, 25 August 2000, "Audit Report on Resources of DoD Adjudication Facilities (Project No. D-1999-AD-0079.01) (Formerly Project No. 9AD-0046.01)

Washington Headquarters Services Comments



DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155



SEP 27 2000

MEMORANDUM FOR THE OFFICE OF THE INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE
ATTN: MR. THOMAS F. GIMBLE, DIRECTOR,
ACQUISITION MANAGEMENT DIRECTORATE

SUBJECT: Office of the Inspector General, DoD, Draft Audit Report on Resources of
the DoD Adjudications Facilities (Project No. D1999-AD-0079.01)

This is in response to your request for comment on subject draft.

We welcome this review of factors affecting the adjudications and appeals processes. Your report validates the impact of unfunded requirements on security mission functions such as that we are experiencing as a result of the Periodic Reinvestigation backlog initiative. As cited in your report, Washington Headquarters Services (WHS) is experiencing a significant increase in adjudications workload. Not cited, but of parallel concern, is the significant workload increase being dealt with by the WHS Security Office and the WHS Clearance Appeal Board at the front and back of the personnel security process.

WHS is expected to meet current and projected mission demands within the Congressionally-mandated cap on OSD/WHS personnel. This finite pool of resources is continuously subjected to competing mission requirements both in-house and on the horizon. As a consequence, WHS must carefully assess each new requirement to ensure the most judicious reallocation of our limited resources to achieve optimal results for the Department in all our endeavors.

In June 1999, the Directorate for Personnel and Security (DP&S) formally forecasted personnel requirements to meet the anticipated increase in workload resulting from the Periodic Reinvestigation backlog initiative. Faced with other additional resource demands, a cap on DP&S personnel resources, and the need to meet further downsizing targets, DP&S set in motion a series of actions to quickly augment the Consolidated Adjudications Facility, the Security Division, and the Clearance Appeal Board functions with contractor support and reallocated FTEs.

Actions to accomplish augmentation commenced with the hiring of contractor support in August 1999 to perform other than inherently governmental tasks. Two of the contractors, as noted in your report, were dedicated to support administrative requirements projected by the Consolidated Adjudications Facility (CAF). The contract action was followed by the crafting of a DP&S business plan that included projections of collective personnel security FTE requirements and actions to achieve the projections within the DP&S' cap and while meeting a directorate downsizing target. Subsequently,

DP&S initiated advance recruitment to provide the CAF two FTEs in FY 2000, and specified a requirement for two additional FTEs in their FY 2001 budget submission. The CAF has been given advance recruitment authority for the latter. The remaining CAF projection also is being addressed through advance recruitment authority.

These actions meet the CAF's contractor requirements and their five FTE projections cited in your report. All contractor requirements and most of the FTE projections of the other DP&S security functions have been met as well. Moreover, the DP&S security functions requested and received additional information technology equipment and support to enhance their ability to tackle the backlog.

Pursuant to your recommendations, we will continue to evaluate the resource levels of our personnel security functions and staff them appropriately.



D. O. Cooke
Director

Audit Team Members

The Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector, DoD, who contributed to the report are listed below.

Thomas F. Gimble

Mary L. Ugone

Robert K. West

Lois A. Therrien

Sheri D. Dillard

Setranique T. Clawson

Eric G. Fisher

David C. Williams

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Resources of DoD Adjudication Facilities

B. DATE Report Downloaded From the Internet: 11/01/00

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Symbol, & Ph #):** **OAIG-AUD (ATTN: AFTS Audit Suggestions)**
 Inspector General, Department of Defense
 400 Army Navy Drive (Room 801)
 Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 11/01/00

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.